

Contract No. 439

POWER AGREEMENT

BETWEEN

PUERTO RICO ELECTRIC POWER AUTHORITY

AND

SEARS ROEBUCK DE PUERTO RICO, INC.

This agreement between the PUERTO RICO ELECTRIC POWER AUTHORITY, a public instrumentality of the Commonwealth of Puerto Rico, represented in this act by Mrs. Lourdes Alfonso de Guijarro, Head Customer Service Division, hereinafter referred to as "the Authority", and SEARS ROEBUCK DE PUERTO RICO, INC. represented in this act by who is duly authorized to enter into this Agreement, hereinafter referred to as "the Consumer".

W I T N E S S E T H

That in consideration of the mutual covenants and agreements hereinafter contained, the parties thereto agree as follows:

SCOPE AND TERMS OF AGREEMENT

Section 1. "The Authority" agrees to furnish and sell to "the Consumer" and "the Consumer" agrees to take and purchase from "the Authority" electric energy required for commercials purposes at his department store as hereinafter set forth, except energy required when "the Authority" is unable to supply it. The referred department store is located at Plaza Las Américas Shopping Center, Roosevelt Avenue, corner Las Américas, municipality of Hato Rey, Puerto Rico. The purchase and sale of electric energy hereunder is subject to the Terms of this Agreement and to "the Authority's" General Terms and Conditions for the sale of electric service and to the rate schedule established in Section 3 of this agreement.

Section 2. "The Authority" shall make available to "the Consumer" a supply of electric power and energy in the amount of 1,500 KVA, which shall be the Contracted Load under this Agreement. "The Authority" shall not be bound to supply electric power and energy to "the Consumer" in an amount greater than 100% of the Contracted Load provided for in this Section plus an additional 10% of this load. This allowed 10% shall not be in a continuance manner. Should "the Consumer" require a larger amount of power and energy, he shall make a one year advance written

application therefor to "the Authority", which if able to furnish it, will allow the increase applied for, in which case, it will be necessary to modify the Contracted Load to reflect such increase not later than fifteen (15) days after "the Authority" has given written notice to "the Consumer" that it is ready to make available and serve the additional amount of power and energy.

Section 3. "The Consumer" agrees to pay to "the Authority" for the electric power and energy received in accordance with rate schedule GSP copy of which, together with the General Terms and Conditions of "the Authority" for the sale of electric service, are attached hereto and form part of this Agreement.

Section 4. In consideration of the reservation by "the Authority" for "the Consumer's" use of a large amount of power and energy which involves substantial investment of funds by "the Authority", it is agreed that notwithstanding the provision of Section 3, hereof, "the Consumer" agrees further to pay a monthly minimum demand charge, which shall not be less than \$3.50 per KVA multiplied by 60% of the maximum amount of the Contracted Load stipulated in Section 2 hereof. If the demand during any month in which this contract is in force, exceeds the contracted load of 1,500 KVA as stated in Section 2 of this agreement, "the Authority" is hereby authorized to charge a minimum amount of \$5.00 per each KVA in excess of the said contracted load. "The Authority" is hereby authorized to increase this charge without notification to "the Consumer" if and when "the Authority" deems it necessary to do so.

Section 5. "The Consumer" hereby grants to "the Authority" such rights under, over and across his property as "the Authority" deems necessary or desirable to permit the construction, maintenance, operation and replacement of the power lines required to supply power and energy to "the Consumer" thereunder and such other facilities as "the Authority" deems necessary or desirable to serve the loads of other customers of "the Authority" in the area. All rights-of-way and access rights shall be at locations mutually satisfactory to "the Authority" and to "the Consumer".

Section 6. In consideration of the payment by "the Consumer" of the monthly bill, the cost of which shall not be less than that corresponding to the minimum monthly bill established in Section 4, "the Authority" agrees to perform the necessary construction work to furnish electric power and energy to "the Consumer" as described in Section 2 hereof. "The Consumer" shall construct, operate and maintain, at his own expense, the 1,500 KVA substation arrangement to step down the 13.2 KV delivery voltage to the operating bus voltage at "the Consumer's" installation. This substation shall be equipped with the necessary transformers, lightning arresters, fuses, air disconnects, and the necessary low tension equipment. All relays and protective equipment will be installed



and operated in accordance with "the Authority's" specifications, coordination and approval. "The Consumer" agrees to operate this substation in such manner that it will not create undue fluctuations to "the Authority's" system. "The Consumer" will provide, at his own expense and in Accordance with "the Authority's" specifications, the power line required to connect "the Consumer's" substation to "the Authority's" system. "The Authority" will provide only such protective equipment as may be required to protect its own facilities.

Section 7. If during the life of this Contract, new rates that are higher or new rates that are lower than those hereinbefore stipulated are established for like conditions of service, the furnishing of electric energy to "the Consumer" shall be continued, and "the Consumer" hereby agrees to pay for such service at the higher or lower rates from and after the date when such new rates are made effective.

Section 8. "The Authority" may discontinue service in accordance with the terms and conditions governing "the Authority's" rate schedule, which form part of this Agreement.

Section 9. If "the Consumer" fails to comply with or perform any of the conditions or obligations hereof on "the Consumer's" part stated to be complied with or performed, "the Authority" shall have the right to discontinue the supply of electric power and energy and to terminate this Agreement. In case of such termination, "the Consumer" agrees to pay to "the Authority", as liquidated damages, in addition to all amounts owed for electric service rendered to the date of such termination, a sum of money equivalent to the product of the monthly minimum charge stipulated in Section 4 hereof by the remaining number of months of the unexpired time portion of this Agreement.

Section 10. This Contract shall be in force for a period of one (1) year and thereafter will continue to be in force until after receipt by either party from the other of sixty (60) days advanced written notice to terminate it.

Section 11. "The Consumer" agrees to notify "the Authority" of any change of name prior to the date in which such change will take place to enable "the Authority" to contract the service under the new firm's name. This Agreement shall not be transferred by "the Consumer" without the prior written consent of "the Authority" except to a subsidiary directly or indirectly wholly owned by "the Consumer"; provided that, as a condition of any such transfer, "the Consumer" shall remain liable to "the Authority" as guarantor for the full performance of the Agreement.

Section 12. Bills shall be payable within the terms for payment indicated on each bill. To any amount billed and remaining unpaid after the due date of the bill, shall be added a delayed payment charge



equivalent to eight per cent (8%) annual interest of unpaid amount, provided that said surcharge shall not exceed the legal rate of interest in force at that time in Puerto Rico. All payments shall be made to "the Authority" at its main office in Ponce de León Avenue, Stop 16½, Santurce, or at such other place as "the Authority" may from time to time designate by notice to "the Consumer".

Section 13. The electric service covered by this Contract will be supplied upon presentation by "the Consumer" of the corresponding authorization from the Rules and Permits Administration. In case that "the Consumer's" facility had electric service prior to the signing of this Contract under the terms of a previous Use Permit (Permiso de Uso) and the energy to be supplied under this Contract were to be used for different purposes than those covered by the previous Use Permit, "the Consumer" shall be bound to present to this Authority a new Use Permit or a certification from the Permit Bureau (Negociado de Permiso) of the Rules and Permits Administration wherein the new purposes are duly authorized for the above referred facility. In the event of failure by "the Consumer" to present the requested Use Permit, "the Authority" reserves the right to discontinue the supply of electric power and energy immediately after having notified "the Consumer" of "the Authority's" intention to do so.

Section 14. "The Consumer" shall, before the date on which the electric service is connected, and after having signed this Contract, place with "the Authority" a deposit or a bond subscribed by an insurance company authorized to do business in Puerto Rico in the amount of Global Bond according to PREPA'S expecifications. This deposit or bond is subject to revision depending upon de Contracted Load as stipulated in Section 2 hereof or the sum of the last three (3) monthly bills whichever is greatest. Should "the Consumer" guarantee this electric service by a bond, this bond is subject to the conditions contained in the form entitled "Electric Service Contract Bond" provided by "the Authority". "The Consumer" will place the bond in question utilizing this form and this form only. In case "the Consumer" changes his name, "the Authority" will require a new deposit or bond to the new firm's name. Should "the Consumer" fail to place this new deposit or bond within ten (10) days after signing the new Contract as stipulated in Section 11, "the Authority" may discontinue the service to "the Consumer", and "the Consumer" hereby holds "the Authority" harmless of any and all damages that may result from the said discontinuation of service.

Section 15. Any amendment which "the Consumer" is interested in incorporating to his primary and/or transmission service contract must be submitted in written form for "the Authority's" consideration and approval. "The Authority" will accept or refuse the said amendment and will advise "the Consumer" in written form its decision.

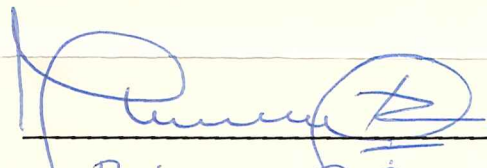
Section 16. The Consumer hereby agrees that if the metering equipment is installed on the secondary side of the substation and under the application of the Rate indicated in Section 3 of this contract, both the demand and energy will be corrected by a 1.03 factor or by a factor determined by the Authority to compensate for the transformer losses.

SIGNED THIS 14 DAY OF January, 1986.7

PUERTO RICO ELECTRIC POWER AUTHORITY  
INC.

SEARS ROEBUCK DE PUERTO RICO,

By \_\_\_\_\_  
Lourdes Alfonso de Guijarro, Head  
Customer Service Division

  
Robert C. Garcia

